

SPECIAL NOTICE

For further information contact:
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Originally Published July 18, 1995—Reissued April 2002

Leasehold Excise Tax Reduction Program for Senior Citizen/Disabled Persons—Eligibility Revisions

NOTE TO LESSORS AND SUBLESSORS of publicly-owned property: Please provide the following information to your lessees/sublessees.

The 1995 Legislature made several changes to the eligibility requirements for the senior citizen/disabled persons leasehold excise tax reduction and property tax exemption programs:

- ◆ The income eligibility limit was increased from \$26,000 to \$28,000.
- ◆ The combined disposable income must be \$28,000 or less in the assessment year (the year prior to the year the reduction is taken).
- ◆ The definition of “combined disposable income” was amended to exclude amounts paid by the applicant and his/her spouse for drugs supplied by prescription from a medical practitioner authorized by the laws of this state or another jurisdiction to issue prescriptions.
- ◆ Applicants no longer need to occupy their primary residence on January 1st of the year a reduction is claimed. Instead, they must occupy it as a primary residence as of the date an application is filed.

These revisions are effective for taxes due in 1996 and thereafter. Persons who have previously filed an application and have been approved for a reduction, need not re-file at this time.

In 1994, the senior citizen/disabled persons leasehold excise tax reduction program was established for taxes due in 1995 and thereafter.

The program is outlined below.

Persons who would qualify for the senior citizen/disabled persons property tax exemption, if the property were privately owned, are eligible for a reduction in their leasehold excise tax. The leasehold excise tax senior citizen/disabled persons reduction applies in two situations:

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- 1) The primary residence of the applicant and underlying land are leased or subleased from a governmental entity; or
- 2) The primary residence is owned by the applicant, but the underlying land is leased or subleased from a governmental entity.

In (1), the amount of leasehold excise tax due (assuming all eligibility requirements were met) would be subject to a percentage reduction.

In (2), the amount of leasehold excise tax due on the land would be eligible for a percentage reduction, while the primary residence would be eligible for a senior citizen/disabled persons property tax exemption. A separate application must be filed for the property tax exemption and the leasehold excise tax reduction, with the County Assessor.

The property tax exemption is administered by the County Assessor. The leasehold excise tax reduction is administered by the Department of Revenue

The leasehold excise tax senior citizen/disabled persons reduction is taken as a credit against leasehold excise tax due. The Department of Revenue will notify lessors and sublessors, by the beginning of the year the reduction is applicable, of persons eligible for a credit and the percentage reduction allowed. The percentage reduction will be based on income data reported by an applicant. A supplemental schedule will be furnished to lessors and sublessors to report the qualified applicant's name and amount of the senior citizen/disabled persons credit taken against leasehold excise tax due.

An application must be filed with the County Assessor by December 31st of the assessment year (the year prior to the year the reduction in the Leasehold Excise Tax is taken). Applicants may file a retroactive claim for the reduction, if they would have qualified for the program at the time an application should have been filed. However, the reduction in leasehold excise tax can not be taken earlier than for taxes due in 1995.

Qualifications

Age/Disability:

- 1) The applicant must be 61 years of age or older on or before December 31st of the year the application is filed; or
- 2) The applicant must be physically disabled and retired from regular gainful employment by reason of the disability; or

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- 3) The applicant must be a surviving spouse of a person that was approved for a reduction and be at least 57 years old.

Income: The combined annual disposable income of the applicant, spouse and/or co-tenant must be \$28,000 or less.

Residence: The reduction in the leasehold excise tax applies to the primary residence of the applicant and up to one acre surrounding the residence. The applicant must occupy the residence as of the date the application is filed and must occupy the residence a majority of time during the year.

Years: The application is made in the assessment year, and is based on income received in the assessment year (the year prior to the year the reduction is taken). The reduction is effective in the year following the year of application. For example: In 1995, the applicants file their application containing their 1995 income. They qualify for the reduction and receive it for leasehold excise tax due in 1996.

Applications

Applications for the leasehold excise tax senior citizen/disabled persons program may be obtained from the County Assessor or the Department of Revenue.

Information

Please call the Department of Revenue's Special Programs Division at (360) 586-5190, if you have any questions.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users please call 1-800-451-7985.